

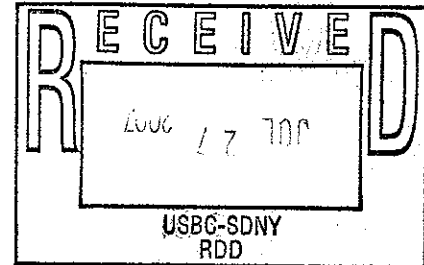
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Hearing Date and Time: August 2, 2007 at 10:00 a.m.
Objection Deadline: July 27, 2007 at 4:00 p.m.

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**



In re:

DELPHI CORPORATION, *et al.*,

Debtors.

Chapter 11

Case No. 05-44481 (RDD)

(Jointly Administered)

**STATEMENT OF HIGHLAND CAPITAL MANAGEMENT, LP REGARDING
DEBTORS' EXPEDITED MOTION FOR ORDER AUTHORIZING AND APPROVING
DELPHI-APPALOOSA EQUITY PURCHASE AND COMMITMENT AGREEMENT
PURSUANT TO 11 U.S.C. §§ 105(a), 363(b), 503(b) AND 507(a)**

Highland Capital Management, LP ("Highland Capital"), on behalf of itself and certain of its affiliates and related entities¹ (collectively, "Highland"), as a significant shareholder and creditor of the Debtors, files this Statement Regarding the Debtors' Expedited Motion for Order Authorizing and Approving Delphi-Appaloosa Equity Purchase and Commitment Agreement

¹ Nothing herein is intended to bind or take any action, directly or indirectly, by Highland Capital on behalf of Highland Capital Credit Strategies Fund or any other registered investment fund with respect to the matters set forth herein or with respect to any matters relating to their respective investments or interests in Delphi.

Pursuant to 11 U.S.C. §§ 105(a), 363(b), 503(b) and 507(a) (the "Motion"), and for such would respectfully show the Court as follows:

1. Highland is a significant shareholder and creditor of the Debtors.
2. On July 17, 2007, Highland timely submitted a bid to make a significant equity investment in the Debtors and propose a plan of reorganization that would be beneficial to all creditors and shareholders of the Debtors (the "Highland Proposal"). The total value of the Highland Proposal exceeds the total value of the proposal set forth in the Delphi-Appaloosa Equity Purchase and Commitment Agreement (the "Appaloosa Proposal"). The Highland Proposal (i) is less conditional than the Appaloosa Proposal, (ii) is subject to less fees, (iii) distributes more value to creditors, including General Motors, (iv) distributes more value to shareholders, (v) has a broader-based corporate governance structure, (vi) puts less debt on the reorganized company, and (vii) has a less restrictive capital structure. In preparing the Highland Proposal, Highland made every effort to accommodate the needs, requests and desires of the Debtors and each of the Debtors' major constituencies.
3. Highland is disappointed that the Debtors chose to accept the Appaloosa Proposal as the basis for their plan of reorganization.
4. Highland does not intend to submit any testimony or documentary evidence at the hearing on the Motion, but reserves the right, as a party-in-interest, to participate in any discovery, appear at the hearing and cross-examine any witnesses submitting written testimony declarations or presenting oral testimony at the hearing.

WHEREFORE, Highland prays that the Court consider all evidence as to whether the Appaloosa Proposal is in the best interests of the Debtors, its estates, its creditors and its shareholders when determining whether to grant the relief requested in the Motion.

Dated at New York, New York: July 27, 2007.

/s/ Judith Elkin
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